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Senate Majority Leader Sikkema applauds repeal of Single Business Tax

Sikkema: 'The greater risk is doing nothing and letting this tax continue to kill jobs and drive job providers out of the state'

LANSING – The state Senate today voted to repeal the Single Business Tax on Dec. 31, 2007. Senate Majority Leader Ken Sikkema said today's vote was the first step needed to get serious discussions on fixing one of the state's largest disincentives to job creation underway.

"The most fundamental question we have to ask ourselves today is whether the SBT should be part of Michigan's future. It should not be and it cannot be a part of our future," said Sikkema, R-Wyoming. "It's an antiquated tax that was designed more than 30 years ago when the commerce and economic activity of this state were dramatically different. It was not designed for economic growth and it certainly was not designed for the new economy we have today."

House Bill 5743 was amended by the Senate to prohibit the Legislature from replacing the SBT with an increase in the rate or base of taxes on individuals, including the income tax, sales tax, use tax, or real estate taxes on residences.

The Senate also amended the bill to require the Governor's Council of Economic Advisors to develop a plan by Jan. 1, 2007 to replace the SBT with business taxes that are more conducive to job creation, investment and economic growth.

"The SBT penalizes companies for hiring workers and providing them with benefits," Sikkema said. "For the past 30 years we have tinkered and tinkered and tinkered with the SBT to deal with the fact that it penalizes job creation. We need to flat-out end it and require the Legislature and the governor to come up with a replacement. This bill gives us 21 months to find a tax that is more pro-growth, more oriented toward economic expansion and less onerous upon job creation. There is risk in doing this, but the greater risk is doing nothing and letting this tax continue to kill jobs and drive job providers out of the state."